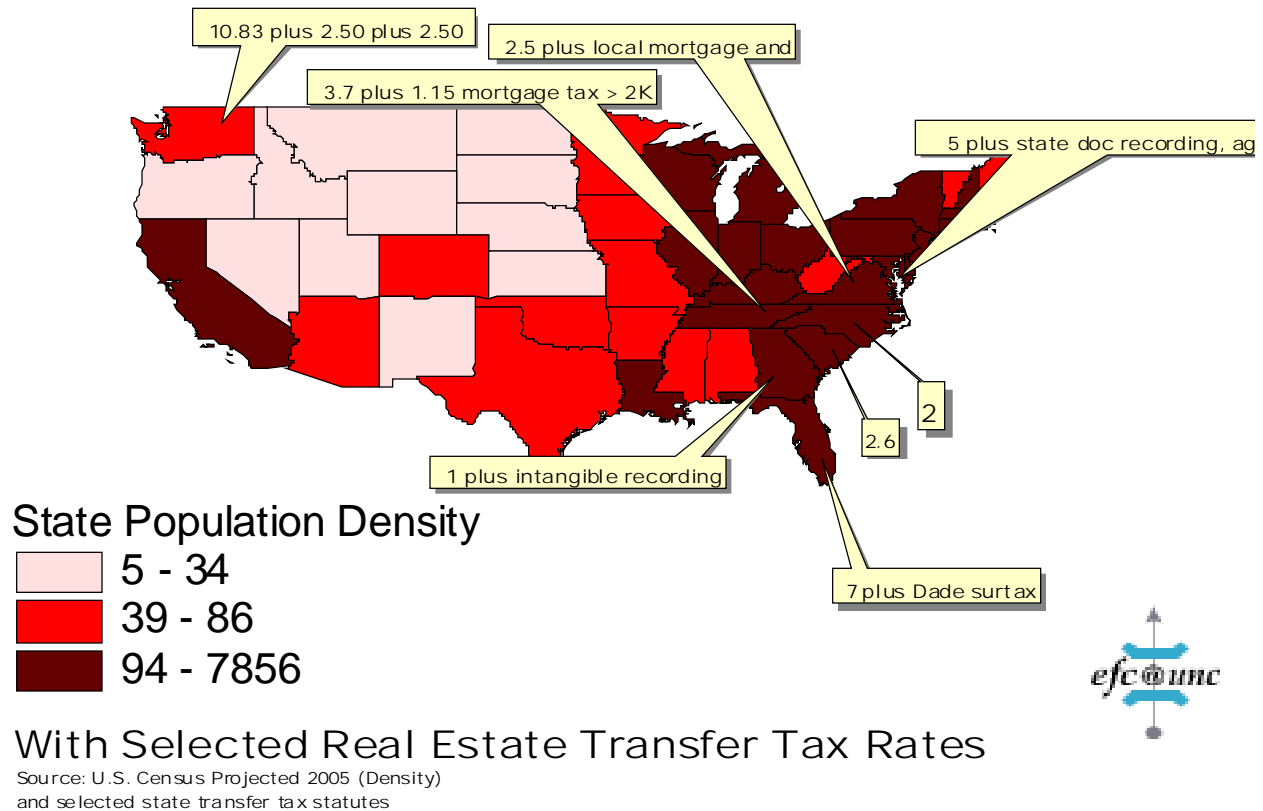


The N.C. Office of State Management and Budget estimates that 72% of the change in real estate transfer tax collections is related to personal income. As a result of the strong real estate market, collections are very responsive

#### Limitations:

Revenues depend on the level of real estate market activity, which is subject to wide and frequent fluctuations based on



to changes in personal income, with a tax elasticity of 1.14. That is, for every 10% increase in personal income, tax collections expand by 11.4%.<sup>45</sup>

The real estate transfer tax could leverage additional monies by being used as a source of bond repayment (as with the SRF bonds, discussed earlier). Dedication of revenues to popular land protection programs enhances the acceptability of the tax.

Figure 4-6. Selected real estate transfer taxes

economic conditions/interest rates, weather and other factors. Application of the tax may have inequitable distributional effects (from a spatial point of view), and increased housing costs in some areas. Although the magnitude of changes in housing prices is likely to be small, it would help lessen affordability concerns if the tax were coupled with some commitment of resources to affordable housing.